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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92058621
Party	Defendant Dropbox, Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

THRU INC.,	)	Cancellation No: 92058621
Petitioner,	)	
v.	)	
DROPBOX, INC.,	)	Registration No. 4,478,345
Registrant.	)	

DROPBOX'S OPPOSITION TO THRU'S MOTION FOR PARTIAL SUMMARY JUDGMENT DENYING REGISTRANT'S FIRST, THIRD, FOURTH, FIFTH AND SIXTH AFFIRMATIVE DEFENSES

Registrant Dropbox, Inc. ("Dropbox" or "Registrant"), by and through its undersigned counsel, hereby responds to and opposes the July 15, 2014 Motion for Partial Summary Judgment ("Motion") filed by Petitioner Thru Inc. ("Thru" or "Petitioner"), which requests that the Board strike Registrant's First, Third, Fourth, Fifth and Sixth Affirmative defenses.[1]

This is a cancellation proceeding directed at Dropbox's registration for the mark DROPBOX. In its Petition for Cancellation, Thru has sought to cancel Dropbox's Registration No. 4478345 on the grounds that there is a likelihood of confusion with Thru's purported DROPBOX mark.

[1] As a preliminary matter, it should be noted that the only "evidence" attached to Thru's motion is a copy of Dropbox's Amended Answer to Petition for Cancellation. The TBMP explicitly states that "[A] motion for summary judgment without supporting evidence is the functional equivalent of a motion to dismiss for failure to state a claim upon which relief can be granted . . . or of a motion for judgment on the pleadings." TBMP § 528.04; *see S & L Acquisition Co. v. Helene Arpels Inc.*, 9 USPQ2d 1221, 1225 n.9 (TTAB 1987). Accordingly, the Motion should properly be treated as a motion for partial judgment on the pleadings.

This proceeding is still in its infancy, yet the Motion is Thru's *third* attempt to challenge Dropbox's affirmative defenses at the pleading stage. The Board, *sua sponte*, rejected Thru's first attempt. Order, Mar. 18, 2014 (Docket No. 8). The Board, in response to Thru's second attempt, granted Dropbox leave to amend its Answer and affirmative defenses. Order, June 13, 2014 (Docket No. 12). Dropbox then amended its Answer and defenses accordingly. Am. Answer, July 1, 2014 (Docket No. 13). Thru has now moved the Board a third time for essentially the exact same relief.[2]

Thru's repetitive motions would appear to have no purpose but to slow down this cancellation proceeding and to burden the Board and Dropbox with unnecessary motion practice. The Board should once again deny Thru's motion and allow the parties to move forward to the discovery stage of the proceeding. There should be no further delay of the Board's determination on the merits.

I. Procedural Posture

Thru filed its Petition for Cancellation on February 4, 2014. The Board then scheduled discovery to open on April 16, 2014. Dropbox filed its Answer on March 6, 2014. One week later, Thru filed both a motion for summary judgment and a motion to strike; the Board dismissed the motion for summary judgment, and suspended proceedings pending resolution of the motion to strike. On June 13, 2014, proceedings resumed and the Board set July 31, 2014 as the start of discovery, with Initial Disclosures due August 30, 2014.[3] On July 1, Dropbox filed

[2] Indeed, this Motion is essentially the same document previously filed with the Board on March 13, 2014 (Docket No. 7); Thru added or edited approximately four sentences in the first paragraph of section B and moved a paragraph, but otherwise the document is substantively identical to the first motion for summary judgment, despite Dropbox having made significant changes to the Amended Answer.

[3] Dropbox has not yet served its Initial Disclosures.

its Amended Answer, and on July 15, Thru filed the Motion, which resulted in suspension of these proceedings.

II. The Appropriate Legal Standard

"A motion for judgment on the pleadings is a test solely of the undisputed facts appearing in all the pleadings, supplemented by any facts of which the Board will take judicial notice." TBMP § 504.02; *Kraft Group LLC v. Harpole*, 90 USPQ2d 1837, 1840 (TTAB 2009); *Land O' Lakes Inc. v. Hugunin*, 88 USPQ2d 1957, 1958 (TTAB 2008); *Media Online Inc. v. El Clasificado Inc.*, 88 USPQ2d 1285, 1288 (TTAB 2008); *Ava Enters. Inc. v. P.A.C. Trading Group, Inc.*, 86 USPQ2d 1659, 1660 (TTAB 2008). All well-pleaded factual allegations of the nonmoving party must be accepted as true, and allegations of the movant which have been denied are deemed false. TBMP § 504.02; *Kraft Group*, 90 USPQ2d at 1840; *Media Online*, 88 USPQ2d at1288; *Ava Enters.*, 86 USPQ2d at 1660. "All reasonable inferences from the pleadings are drawn in favor of the nonmoving party." TBMP § 504.02; *Kraft Group*, 90 USPQ2d at 1840; *Media Online*, 88 USPQ2d at 1288; *Ava Enters.*, 86 USPQ2d at 1660.[4] "A judgment on the pleadings may be granted only where, on the facts as deemed admitted, there is no genuine issue of material fact to be resolved, and the moving party is entitled to judgment, on the substantive merits of the controversy, as a matter of law." TBMP § 504.02.

[4] Even were the Board to treat the Motion as a motion for summary judgment, Thru has failed to satisfy its burden. "A party moving for summary judgment has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to judgment as a matter of law," based on the pleadings, the discovery and disclosure materials on file, and any affidavits. TBMP § 528.01. Importantly, "[i]n deciding a motion for summary judgment, the function of the Board is not to try issues of fact, but to determine instead if there are genuine issues of fact to be tried." *Id.* As with a motion for judgment on the pleadings, the nonmoving party is given the benefit of all reasonable doubt, and the evidentiary record and all inferences to be drawn from any undisputed facts "must be viewed in the light most favorable to the non-moving party." *Id.*

III. Thru's Motion to Should Be Denied

In its motion, Thru argues that there is no genuine issue of material fact to be resolved as to Dropbox's First, Third, Fourth, Fifth, and Sixth Affirmative Defenses, and they should be denied as a matter of law. Importantly, all of Dropbox's well-pleaded allegations must be accepted as true.

A. The Motion Should Be Denied Regarding the First Affirmative Defense of Failure to State a Claim

Dropbox's First Affirmative Defense reads as follows:

> *The Petition for Cancellation fails to set forth facts sufficient to entitle Petitioner to the relief sought.*

Thru is not entitled to summary judgment or a judgment on the pleadings as to Dropbox's First Affirmative Defense because, at a minimum, there are genuine issues of disputed fact as to what Thru has or has not alleged. Contrary to Thru's assertions in its motion, Thru has failed to set forth sufficient facts to entitle it to cancellation of Dropbox's registration. A party seeking to cancel a registration must show (1) standing and (2) a statutory ground for cancellation; furthermore, at the pleading stage, a petitioner "must . . . allege facts in support of both." *Young v. AGB Corp.*, 47 USPQ2d 1752, 1755 (TTAB 1998). "[T]he petition 'must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.'" *Doyle v. Al Johnson's Swedish Restaurant & Butik Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012) (quoting *Ashcroft v. Iqbal*, 556 U.S. 662 (2009)). "[S]ufficient factual matter [must] be 'well-pleaded' and . . . 'threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice' and are not accepted as true." *Id.* (quoting *Iqbal*, 556 U.S. 662).

Here, Thru has not alleged facts sufficient to establish priority or likelihood of confusion, both of which are required elements of a Section 2(d) cancellation. *E.g. Media Online Inc. v. El*

Clasificado Inc., 88 USPQ2d 1285, 1288 (TTAB 2009) (priority is a required element of a Section 2(d) claim); *Hornby v. TJX Cos.*, 87 USPQ2d 1411, 1420 (TTAB 2008) (priority and likelihood of confusion are required elements of Section 2(d) claim). Accordingly, Dropbox is permitted to assert failure to state a claim as an affirmative defense. *See* TBMP 311.02(b) ("Affirmative defenses may include . . . any . . . matter constituting an avoidance or affirmative defense."); *see also Bayer Consumer Care AG v. Belmora LLC*, 90 USPQ2d 1587, 1591 (TTAB 2009) (determining that cancellation petitioner had failed to state a claim for relief because it had failed to adequately allege priority).

Thru claims to have alleged common-law, use-based rights in the DROPBOX mark that pre-date Dropbox's rights and that use by Dropbox of the DROPBOX mark for the services in Registration No. 4478345 is likely to cause confusion. However, in reality, Thru has only alleged that "[l]ong before" either March 11, 2008 or September 1, 2009, Thru "started to use the trademark DROPBOX . . . ." Petition to Cancel ¶¶ 1-2. This is not tantamount to alleging that its rights precede Dropbox's rights, which reach back further than either of those dates. Furthermore, Thru has alleged no facts to demonstrate how the parties' goods and services are related, or any facts bearing on any other *du Pont* factors crucial to establishing likelihood of confusion. Accordingly, Thru has not set forth facts sufficient to entitle it to the relief sought, and at a minimum, there are genuine issues of material fact regarding this affirmative defense.

B. The Motion Should be Denied Regarding the Third Affirmative Defense of Laches

Dropbox's Third Affirmative Defense reads as follows:

> *Petitioner has had actual knowledge of Registrant's use of the DROPBOX mark for years. On information and belief, Petitioner was aware of Registrant's use of the DROPBOX mark prior to the close of the opposition period. Petitioner did not seek to oppose registration of the DROPBOX mark, and did not otherwise assert its rights prior to filing the Petition for Cancellation. During such time,*

> *Registrant continued to use, promote and invest in the DROPBOX mark, including through the acquisition of third-party rights, and develop goodwill around this mark. Petitioner has unduly or unreasonably delayed in asserting its rights, resulting in prejudice to Registrant. Accordingly, the Petition for Cancellation is barred by the doctrine of laches.*

Thru argues that the Board should strike Dropbox's Third Affirmative Defense of laches because, according to Thru, "the period of laches begins to run no earlier than the date of registration," and Thru alleges that it filed on the very first day possible; accordingly, it argues, there was no delay. Thru misstates the governing law. In actuality, "[i]n Board cancellation proceedings, these defenses [including laches and acquiescence] start to run from the date of registration, *in the absence of actual knowledge before the close of the opposition period*." TBMP § 311.02(b) (emphasis added); *Jansen Enters. Inc. v. Rind*, 85 USPQ2d 1104, 1114 (TTAB 2007) (registration is operative date for laches only where petitioner did not have actual or constructive notice prior to close of opposition period); *Christian Broad. Network Inc. v. ABS-CBN Int'l*, 84 USPQ2d 1560, 1572 (TTAB 2007) (same). Here, Dropbox specifically alleges that "On information and belief, Petitioner was aware of Registrant's use of the DROPBOX mark prior to the close of the opposition period." Am. Answer ¶ 8. For purposes of this motion, such an allegation must be accepted as true. Registrant has pleaded sufficient facts to establish its affirmative defense, and whether Petitioner unduly or unreasonably delayed in asserting its rights is an issue of disputed material fact.[5]

[5] In its motion, Thru argues "Registrant has no evidence that would show unexcused delay." Motion at 3. This is a telling example of Thru's misunderstanding of the applicable standards. Quite simply, Thru has no way of knowing what evidence Registrant does or does not have, given that, through these repetitive and inappropriate motions, Thru has not permitted discovery to commence.

C. The Motion Should be Denied Regarding the Fourth Affirmative Defense of Waiver

Dropbox's Fourth Affirmative Defense reads as follows:

> *On November 17, 2011, Petitioner filed an application for the DROPBOX mark at the United States Patent and Trademark Office. In December 2011, Petitioner contacted Registrant, stating its belief that Petitioner holds superior rights to the DROPBOX mark and indicating an interest in reaching resolution regarding the mark. Although Registrant indicated a willingness to resolve the issue, Petitioner ceased substantive communications with Registrant for approximately 18 months while Registrant and other claimants engaged in proceedings to determine ownership of the DROPBOX mark. Petitioner's silence during this time, and its decision to take no action to assert its purported rights, constitutes intentional conduct inconsistent with claiming rights to the DROPBOX mark. Accordingly, the Petition for Cancellation is barred by the doctrine of waiver.*

Thru argues that it has never manifested an unequivocal intention to no longer assert its trademark rights. Waiver is an intentional relinquishment of a known right, which includes conduct inconsistent with the intent to enforce such rights. *E.g. Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004, 1019-22 (Fed. Cir. 2008); *Satis Vacuum Indus. Vertriebs, A.G. v. Optovision Techs., Inc.*, No. 3:99-CV-2147-M, 2001 U.S. Dist. LEXIS 15043, at *34 (N.D. Tex. July 26, 2001). The waiver can take the form of a failure to act to enforce that right, *see Satis Vacuum*, 2001 U.S. Dist. LEXIS 15043, at *34, including silence where there is an obligation to speak, *Qualcomm*, 548 F.3d at 1021-22. Here, Dropbox has specifically alleged that Thru, after voicing its belief in its own superior rights to the DROPBOX mark and knowing of Dropbox's use of the DROPBOX mark as well as ongoing proceedings to determine the ownership of the DROPBOX mark, ceased communicating with Dropbox for approximately 18 months. Am. Answer ¶ 9. Dropbox alleges that Thru's silence during this time, and its decision to take no action to assert its purported rights, constitutes intentional conduct inconsistent with claiming rights to the DROPBOX mark and therefore amounts to implied waiver. *Id.* Registrant has

pleaded sufficient facts to establish its affirmative defense, and whether Petitioner's actions amount to waiver of its rights in the DROPBOX mark is an issue of disputed material fact.[6]

D. The Motion Should be Denied Regarding the Fifth Affirmative Defense of Acquiescence

Dropbox's Fifth Affirmative Defense reads as follows:

> *In December 2011, Petitioner contacted Registrant, stating its belief that it holds superior rights to the DROPBOX mark and indicating that it was aware of Registrant and its use of the DROPBOX mark, as well as the various disputes surrounding the mark. Petitioner did not oppose Registrant's application for the DROPBOX mark or take any other action to assert its purported rights, and, although it indicated an interest in reaching resolution regarding the mark, stopped communicating substantively with Registrant for approximately 18 months, while Registrant and other claimants engaged in proceedings to determine ownership of the DROPBOX mark. The assertion of superior rights in the DROPBOX mark, coupled with a subsequent decision not to pursue such rights, all with full knowledge of Registrant's pending application and use of the mark, amounted to implied consent to Registrant's activities, including its prosecution of Registration No. 4,478,345. Accordingly, the Petition for Cancellation is barred by the doctrine of acquiescence.*

Thru argues that because Dropbox cannot point to an affirmative act by Thru that could provide a basis for the defense of acquiescence, such affirmative defense should be stricken from Dropbox's Amended Answer. "Acquiescence is a type of estoppel that is based upon the plaintiff's conduct that expressly or by clear implication consents to, encourages, or furthers the activities of the defendant, that is not objected to. A plaintiff will not be permitted to stop conduct that it fostered or tolerated, where the result would be prejudicial to the defendant."

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[6] Here again, Thru has misstated the applicable standard. In its motion, it argues: "Waiver turns on the subjective intent of the plaintiff(?)[sic], so that a defendant must demonstrate plaintiff's actual intent to relinquish the right. Registrant can point to no evidence that Thru has ever manifested an unequivocal intention to no longer assert its trademark rights." Motion at 4. In actuality, Dropbox is not required to demonstrate anything at this stage of the proceedings. The standard for deciding this motion is not what evidence Dropbox ultimately may have to support its case (which evidence it will gather during discovery), but rather whether, accepting the allegations in Dropbox's Amended Answer as true, Thru is entitled to judgment on the law.

Christian Broad., 84 USPQ2d at 1573. Moreover, a cancellation petitioner's silence can constitute acquiescence, under certain circumstances. *Id.* Here, Dropbox has specifically alleged that with full knowledge of Dropbox's use of and pending application for the DROPBOX mark, as well as the disputes regarding ownership of the mark, Petitioner ceased communicating with Registrant for approximately 18 months; Dropbox alleges that Thru's silence during this time, and its decision to take no action to assert its purported rights, amounts to implied consent to Dropbox's prosecution of Registration No. 4,478,345. Am. Answer ¶ 10. Registrant has pleaded sufficient facts to establish its affirmative defense, and whether Petitioner impliedly consented to Dropbox's prosecution of the DROPBOX mark is an issue of disputed material fact.

E. The Motion Should be Denied Regarding the Sixth Affirmative Defense of Equitable Estoppel

Dropbox's Sixth Affirmative Defense reads as follows:

> *In December 2011, Petitioner contacted Registrant, stating its belief that it holds superior rights to the DROPBOX mark and indicating that it was aware of Registrant and its use of the DROPBOX mark, as well as the various disputes surrounding the mark. Although Registrant engaged with Petitioner and indicated willingness to reach a resolution regarding the mark, Petitioner fell silent and disengaged from discussions, without explanation. Registrant did not receive any substantive communication from Petitioner for approximately 18 months. During that time, Petitioner took no action to assert its purported rights in the DROPBOX mark. Registrant reasonably relied on Petitioner's apparent decision to not assert its rights, and consequently continued to use, promote and invest in the DROPBOX mark, including through the acquisition of third-party rights, and develop goodwill around this mark, to its prejudice. Accordingly, the Petition for Cancellation is barred by the doctrine of equitable estoppel.*

Finally, Thru argues that Dropbox "has not and cannot plead any . . . statement or act by Thru []or . . . any way in which [Dropbox] has changed its position to its detriment" in reliance on such statement or act, in order to establish equitable estoppel. Motion at 5. To the contrary, Dropbox can and indeed has plead the requisite conduct, reliance, and prejudice that are required for equitable estoppel. The elements of equitable estoppel are: (1) misleading conduct, which

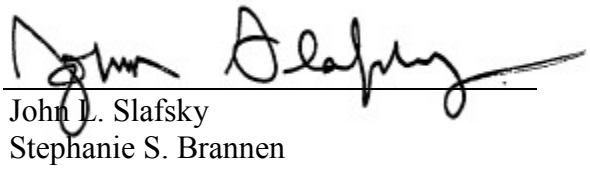
may include not only statements and actions, but also silence and inaction; (2) reliance on this conduct; and (3) material prejudice due to this reliance. *E.g. Aspex Eyewear Inc. v. Clariti Eyewear Inc.*, 605 F.3d 1305, 94 USPQ2d 1856, 1859-62 (Fed. Cir. 2010). Here, Dropbox has alleged that Thru contacted Dropbox in December 2011, stating that (1) it was aware of Registrant and its use of the Dropbox mark; (2) it was aware of various disputes surrounding the mark; and (3) it believed it held superior rights to the mark. Am. Answer ¶ 11. Dropbox has alleged that subsequently, Thru fell silent and disengaged from discussions for 18 month, during which time Dropbox continued to use, promote and invest in the DROPBOX mark, including through the acquisition of third-party rights. *Id.* Thru's silence and failure to assert its rights during this time, within this context, amounts to the conduct necessary to apply equitable estoppel. Furthermore, Dropbox has alleged that it relied to its detriment on this conduct by continuing to use, promote and invest in the DROPBOX mark, including through acquisition of third-party rights. *Id.* Accordingly, Registrant has pleaded sufficient facts to establish its affirmative defense, and whether Petitioner's actions and Registrant's reliance thereon are sufficient for estoppel is an issue of disputed material fact.

IV. Conclusion

For the foregoing reasons, the Board should deny Thru's motion in its entirety and re-set a schedule of pre-trial and trial deadlines.

Dated: August 18, 2014

WILSON SONSINI GOODRICH & ROSATI
A Professional Corporation

By: 
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CERTIFICATE OF SERVICE BY MAIL

I, Shelie Plourde, declare:

I am employed in Santa Clara County. I am over the age of 18 years and not a party to the within action. My business address is Wilson Sonsini Goodrich & Rosati, 650 Page Mill Road, Palo Alto, California 94304-1050.

I am readily familiar with Wilson Sonsini Goodrich & Rosati's practice for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence would be deposited with the United States Postal Service on this date.

On this date, I served **DROPBOX'S OPPOSITION TO THRU'S MOTION FOR PARTIAL SUMMARY JUDGMENT DENYING REGISTRANT'S FIRST, THIRD, FOURTH, FIFTH AND SIXTH AFFIRMATIVE DEFENSES** on each person listed below, by placing the document described above in an envelope addressed as indicated below, which I sealed. I placed the envelope for collection and mailing with the United States Postal Service on this day, following ordinary business practices at Wilson Sonsini Goodrich & Rosati.

John M. Cone
Hitchcock Evert LLC
P.O. Box 131709
Dallas, TX 75313-1709

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at Palo Alto, California on August 18, 2014.

Shelie Plourde